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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	Case No. 2:17-bk-12392-BR
MARK ELIAS CRONE,	Chapter 7
Debtor.	Adv. No.
CKR GLOBAL ADVISORS, INC.,	COMPLAINT TO DETERMINE DISCHARGEABILITY OF DEBTS
Plaintiff,	Date: [To Be Set] Time: Ctrm: 1668
v.	
MARK ELIAS CRONE, an individual,	
Defendant.	

CKR Global Advisors, Inc. ("Global Advisors"), complains and alleges of Mark Elias Crone, the chapter 7 debtor ("Defendant" or "Debtor") in the above-captioned chapter 7 case ("Case") as follows:

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1 I.
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3 **INTRODUCTION**
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5 1. Global Advisors is, and was at all relevant times, a Nevada corporation
6 the principal place of business of which was, at all times relevant to this Complaint, in the
7 City, County and State of New York.
8

9 2. Defendant, Mark Crone, is the debtor in the above-captioned chapter 7
10 bankruptcy case (“Defendant”), and an individual who is, upon information and belief, a
11 resident of Los Angeles, California. Defendant has invoked the jurisdiction of this Court.
12

13 3. The Court has jurisdiction over this adversary proceeding pursuant to 28
14 U.S.C. § 1334 and 11 U.S.C. § 523.
15

16 4. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. §§
17 157(b)(2)(I) and 157(b)(2)(J).
18

19 5. Venue is proper in this Court pursuant to 28 U.S.C §§ 1408 and 1409.
20

21 6. This is an adversary proceeding in which the Plaintiff seeks a
22 determination that the debt owed by Defendant to the Plaintiff is not dischargeable
23 pursuant to Bankruptcy Code §§ 523(a)(2)(A), 523(a)(2)(B), 523(a)(4) and 523(a)(6).
24

25 I.
26

27 **PRELIMINARY FACTS**
28

29 7. Global Advisors was formed by and at the direction of Defendant in or
30 about May, 2010 under the laws of the State of Nevada in the name of Sands of Time,
31 Inc.
32

33 8. At the direction of Defendant, in or about September, 2013, Global
34 Advisors’ name was changed from Sands of Time, Inc. to Flourz GF Bakery CT, Inc.
35

36 9. In or about February, 2014, in connection with Defendant’s then affiliation
37 with Jeffrey A. Rinde, Esq. and Scott Kline, Esq as Defendant’s new law partners in the
38 law firm of CKR Law LLP (the “Law Firm”), the name of the corporation then known as
39 Flourz GF Bakery CT, Inc. was changed to Global Advisors. Messrs Kline, Crone and
40 Rinde agreed that Global Advisors would provide consulting and advisory services to
41

1 some domestic clients of the Law Firm.

2 10. At the time of the change in Global Advisors' name in 2014, Defendant
3 represented—orally and in writing—to Messrs. Rinde and Kline that the corporation then
4 to be known as Global Advisors had not previously engaged in business or issued any of
5 its equity ownership.

6 11. On or about February 10, 2014, Defendant represented in writing to the
7 Nevada Secretary of State and certified to her under penalty of perjury, that the President
8 of Global Advisors was Jeffrey A. Rinde; that he was the secretary of the corporation; that
9 Scott C. Kline was the Treasurer; and its directors were Defendant and Jeffrey A. Rinde.

10 12. During that same timeframe, Defendant represented orally and in writing to
11 Messrs. Rinde and Kline that the equity in Global Advisors would be issued and held by
12 the three of them (Defendant, Kline and Rinde) equally—in other words, that Defendant
13 and Messrs Kline and Rinde would each be a one-third owner of Plaintiff and Officers and
14 Directors thereof.

15 13. In or about January and February, 2014, written Resolutions of Global
16 Advisors' Board of Directors and Written Consents of its shareholders to the foregoing
17 effect were prepared, circulated and signed by Defendant and his then partners. The
18 shareholders of Plaintiff also confirmed their agreement to the form and content of a
19 Shareholders' Agreement between them.

20 14. In furtherance of the business of Global Advisors in which Defendant and his
21 new partners were then and thereafter to engage, on August 31, 2015, Defendant
22 represented to the Nevada Secretary of State and certified to her under penalty of perjury,
23 that the President of Global Advisors and one of its directors was Jeffrey A. Rinde.

24 15. In or about September, 2015, Scott Kline, one of the three original and equal
25 owners of Global Advisors, left CKR Law and departed the businesses in which he,
26 Defendant and Mr. Rinde were then engaged. As a result of Mr. Kline's departure, and
27 from and after such time, the equity of Global Advisors was owned equally by Defendant
28 and Mr. Rinde; each remained an Officer (Rinde as President and Defendant as

1 || Treasurer) and Director thereof.

2 16. Without any notice or the knowledge, authority or consent Plaintiff or Mr.
3 Rinde, the only other shareholder, and director and officer of Global Advisors', on or
4 about April 18, 2016, Defendant surreptitiously and unlawfully filed with the Nevada
5 Secretary of State, and certified, under penalties of perjury, that the Defendant was the
6 President, Secretary, and Treasurer of Global Advisors, and that he was the sole director
7 thereof. At or about that same time, Defendant purported to change the name of Global
8 Advisors to "Ascendant Global Advisors, Inc." Such filings by Defendant were knowingly
9 false and fraudulent, and were made without due authorization, and without any prior or
10 contemporaneous notice to, or the consent of, Mr. Rinde.

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GENERAL ALLEGATIONS

13 17. In 2015, the Law Firm rendered legal services in connection with a reverse
14 merger being pursued by a client of the Law Firm. In consideration for some of such
15 legal and related services rendered by the Law Firm in 2015, Plaintiff, as the Law Firm's
16 permitted—"designee" was issued and received certificate no. 1091 representing 100,000
17 shares of the common stock of Akoustis Technologies, Inc. ("Certificate 1091").

18 18. At all times relevant to this Complaint, Plaintiff's rights to and under Certificate
19 1091 were and remain its only material asset.

19. In March, 2017, the value of the Akoustis stock represented by Certificate
1091 was approximately \$1,300,000. During the litigation by Plaintiff to obtain
repossession of Certificate 1091, that value has sunk to approximately \$1,000,000.

23 20. In early 2016, as a result of numerous issues arising from Defendant's
24 previously undisclosed personal and professional problems, Defendant and Mr. Rinde
25 began to discuss how they would separate professionally. In furtherance of Defendant's
26 efforts to resolve his own personal and legal problems, Defendant embarked on a
27 concerted effort to, inter alia, defraud Plaintiff and Mr. Rinde, by taking steps to steal and
28 to make exclusive use of Certificate 1091 as Defendant's own property. To that end, as

1 alleged above, his own in order to resolve some of these personal difficulties Defendant
2 was then confronting, as alleged above, Defendant surreptitiously, fraudulently and
3 without due authority or the required consent of Global Advisors' Board of Directors or its
4 other shareholder, Mr. Rinde, purported to change Plaintiff's name to "Ascendant Global
5 Advisors, Inc." In furtherance of his fraudulent scheme, at a time when Mr. Rinde was
6 traveling on Law Firm business, and without Mr. Rinde's knowledge or consent,
7 Defendant fraudulently induced a non-lawyer employee of the Law Firm to open the Law
8 Firm's safe and to give Defendant Certificate 1091. Defendant then removed and
9 converted Certificate 1091 and took steps to unlawfully use the shares of stock
10 represented thereby as his own.

11 21. Once they became aware of Defendant's theft and fraud, in June, 2016 Global
12 Advisors, and others sued Defendant in the Supreme Court of the State of New York
13 seeking damages and an injunction directing the return to Global Advisors of its property,
14 to wit, Certificate 1091. In January, 2017 an injunction was issued against Defendant
15 preventing, *inter alia*, any sale or transfer of Certificate 1091 or the shares of stock
16 represented thereby.

17 22. Thereafter, and while that lawsuit was pending, but after Plaintiff's injunction
18 motion had been fully briefed, pursuant to a "Marital Settlement Agreement" dated
19 November 30, 2016 and approved by a Connecticut court in December, 2016, in
20 purported satisfaction of Defendant's martial obligations to his ex-wife, Defendant
21 purported to transfer his interest in Global Advisors, including his interest in Certificate
22 1091 and the shares of Akoustis stock represented thereby, to his ex-wife, Susan Crone
23 (the "Purported Transfer").

24 23. At the time of the Purported Transfer, Defendant knew that he did not have the
25 authority to make the Purported Transfer and that his actions in respect of the Purported
26 Transfer were knowing and willful and, as a matter of law, presumptively fraudulent.

27 24. None of the actions taken by Defendant, as alleged in paragraphs 11, 12, 14,
28 16, and 20 above, were in compliance with the requirements of law. In fact, Defendant's

1 acts and omissions were knowingly false and fraudulent and intended to cause harm to,
2 inter alia, Global Advisors.

3 25. Global Advisors has been damaged by Defendant's acts and omissions as
4 aforesaid, including damages sustained by virtue of the conversion of Global Advisors'
5 property by Defendant, and the concerted acts by Defendant and others to delay,
6 frustrate and prevent Global Advisors from recovery of its property, to wit, Certificate 1091
7 and the shares of stock represented thereby.

8 26. In February, 2017, in response to Plaintiff and its co-plaintiffs' continued effort
9 to regain possession of Certificate 1091, Defendant filed a voluntary bankruptcy petition.
10 Since that time, and in numerous ways, Defendant and his affiliates, agents and
11 representatives have continued to engage in a deliberate scheme to delay and impede
12 Plaintiff's rights to Certificate 1091, and to increase Plaintiff's costs in the pursuit of its
13 rights and remedies. In fact, the United States District Court in the Southern District of
14 New York characterized such concerted acts and omissions as "shenanigans."

IV.

FIRST CLAIM FOR RELIEF

(Nondischargeable Debt Under 11 U.S.C. § 523(a)(2)(A))

18 27. Plaintiff refers to, reiterates and re-alleges the allegations set forth in
19 paragraphs 1 through 26 of this Complaint and incorporates them here by this reference.

20 28. Bankruptcy Code § 523(a)(2)(A) provides, in relevant part, that:

21 A discharge under section 727, 1141, 1228(a),
22 1228(b) or 1328(b) of this title does not discharge an
23 individual debtor from any debt -
 (2) for money, property [or] services . . . to the extent
 obtained by

24 (A) false pretenses, a false representation or actual
25 fraud" may not be discharged in bankruptcy.

26 || 11 U.S.C. § 523(a)(2)(A).

27 29. Defendant knowingly and fraudulently purported to alter Plaintiff's name
28 and its officers and directors and converted Certificate 1091, and purported to transfer

1 Certificate 1091 and/or his interest therein to his ex-wife with the actual intent to defraud
2 Plaintiff.

3 30. All or part of the debt owed to the Plaintiff-Creditors is non-dischargeable
4 as a debt for property obtained by actual fraud within the meaning of Bankruptcy Code §
5 523(a)(2)(A).

6 **V.**

7 **SECOND CLAIM FOR RELIEF**

8 (Nondischargeable Debt Under 11 U.S.C. §523(a)(2)(B))

9 31. Plaintiff refers to, reiterates and re-alleges the allegations set forth in
10 paragraphs 1 through 27 of this Complaint and incorporates them here by this reference.

11 32. Bankruptcy Code § 523(a)(2)(B) provides, in relevant part, that:

12 (a) A discharge under section 727, 1141, 1228(a),
13 1228(b) or 1328(b) of this title does not discharge an
individual debtor from any debt -

14 (2) for money, property, services, or an extension,
15 renewal, or refinancing of credit, to the extent
obtained by -

16 (B) use of a statement in writing -

- 17 (i) that is materially false;
- 18 (ii) Respecting the debtor's or an insider's financial
condition;
- 19 (iii) on which the creditor to whom the debtor is liable for
such money, property, services, or credit reasonably
relied; and
- 20 (iv) that the debtor caused to be made or published with
intent to deceive;

21
22 11 U.S.C. § 523(a)(2)(B).

23 33. Plaintiff is informed and believes; and on that basis alleges, that
24 Defendant made numerous assurances in writing regarding his financial condition, and
25 professional status; and intentionally caused Plaintiff to deliver money to Defendant
26 based on his assurances.

27 34. All or part of the debt owed to the Plaintiff is non-dischargeable since it is
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1 a debt for money obtained by false pretenses, a false representation, or actual fraud
2 within the meaning of Bankruptcy Code § 523(a)(2)(A).

3 **VI.**

4 **THIRD CLAIM FOR RELIEF**

5 (Nondischargeable Debt Under 11 U.S.C. § 523(a)(4))

6 35. Plaintiff refers to, reiterates and re-alleges the allegations set forth in
7 paragraphs 1 through 27 of this Complaint and incorporates them here by this reference.

8 36. Bankruptcy Code § 523(a)(4) provides, in relevant part, that:

9 (a) A discharge under section 727, 1141, 1228(a),
10 1228(b) or 1328(b) of this title does not
discharge an individual debtor from any debt -

11 (4) for fraud or defalcation while acting in a
12 fiduciary capacity, embezzlement, or larceny;

13 11 U.S.C. § 523(a)(4).

14 37. At all times relevant to this Complaint, Defendant owed a fiduciary duty to
15 Plaintiff.

16 38. Plaintiff is informed and believes that Defendant's conduct, as alleged
17 above, amounts to larceny as the term is defined in § 155.05 of The Penal Law of the
18 State of New York.

19 39. All or part of the debt owed to the Plaintiff is non-dischargeable as it is a
20 debt for culpable larceny within the meaning of Bankruptcy Code § 523(a)(4).

21 40. Plaintiff is further informed and believes that Defendant's actions amount to
22 fiduciary fraud, and are, thus, not dischargeable under Bankruptcy Code § 523(a)(4).

23 **VII.**

24 **FOURTH CLAIM FOR RELIEF**

25 (Nondischargeable Debt Under 11 U.S.C. § 523(a)(6))

26 41. Plaintiff refers to, reiterates and re-alleges the allegations set forth in
27 paragraphs 1 through 27 of this Complaint and incorporates them here by this reference.

1 42. Bankruptcy Code § 523(a)(6) provides, in relevant part, that:

2 (a) A discharge under section 727, 1141, 1228(a),
3 1228(b) or 1328(b) of this title does not discharge an
individual debtor from any debt -

4 (6) for willful and malicious injury by the debtor to another
5 entity [(defined by 11 U.S.C. § 101(15) to include a
“person,” which per 11 U.S.C. § 101(41) includes an
“individual”)] or to the property of another entity;

6
7 11 U.S.C. § 523(a)(6).

8 43. The Debtor’s debt to Plaintiff arose from the knowing, willful and malicious
9 conduct of Defendant; and is not dischargeable under 11 U.S.C. § 523(a)(6).

10 44. All or part of the debt owed to the Plaintiff is non-dischargeable since it is
11 a debt for willful and malicious injury by the Debtor to Plaintiff within the meaning of
12 Bankruptcy Code § 523(a)(6).

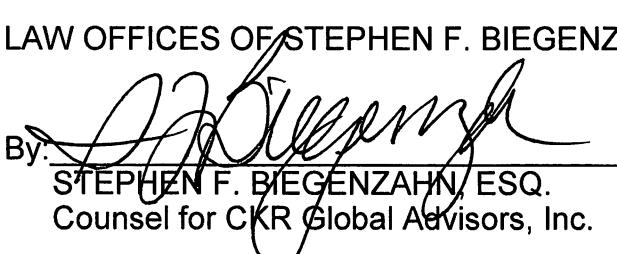
13 **VIII.**

14 **PRAYER**

15 WHEREFORE, Plaintiff prays that this Court enter a judgment determining that
16 the debt of the Debtor to the Plaintiff is non-dischargeable under Bankruptcy Code §§
17 523(a)(2)(A), 523(a)(4), and 523(a)(6), and granting Plaintiff such other and further relief
18 as this Court may deem just and proper.

19
20 Dated: June 12, 2017

LAW OFFICES OF STEPHEN F. BIEGENZAHN

21 By: 

22 STEPHEN F. BIEGENZAHN, ESQ.
23 Counsel for CKR Global Advisors, Inc.

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